(d) if so, the action taken by the Central Government on the representation?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a) to (d) As per Production Sharing Contract (PSC) signed by the Government with Panna Mukta and Tapti (PMT) JV, the Government nominee for purchasing of natural gas is GAIL. However, in view of lack of consensus on gas price between GAIL and PMT JV, the Government had allowed JV partners to market a part quantity of gas directly, initially for a period of one year with effect from 1.4.2005 and subsequently for another two years. The Government also advised that the gas available in excess of 4.8 MMSCMD (direct marketing by PMT-JV) be allocated to GAIL for a period of 2 years beyond 31.3.2006 at the market price received by the JV through tendering process.

PMT JV invited bids from the prospective buyers including GAIL for sale of natural gas up to 4 MMSCMD for a period of two years from 1.4.2006. In response to JV's bid, Gujarat State Petroleum Corporation Ltd. (GSPCL), one of the bidders, offered the highest price of US $ 4.75/MMBTU for 4 MMSCMD of natural gas.

However, to take care of the existing priority consumers in power and fertilizer sectors, GAIL continued to get major portion of the gas at US$ 3.86/MMBTU (from 1.04.2005-31.03.2006) & at US$ 4.75/MMBTU (from 1.04.2006-31.03.2008) from PMT JV, while remaining gas was supplied by PMT JV in accordance with the bids received from the Companies during this period.

Consequent to the Government advise that the gas available in excess of 4.8 MMSCMD (direct marketing by PMT-JV) be allocated to GAIL for a period of 2 years beyond 31.3.2006 at the market price received by the JV through tendering process and due to non availability of any surplus quantity, the gas could not be offered to GSPCL.

Presently the JV has been supplying the entire gas to the Government nominee, GAIL *w.e.f* 01.04.2008 as per the formula provided in the PSC.

Tax burden on petroleum products

1658. SHRI TAPAN KUMAR SEN :
SHRI PRASANTA CHATTERJEE :

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government would agree to reduce the tax burden on petroleum products; and

(b) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a) and (b) The Government has made the following reductions in the taxes/duties with effect from 5.6.2008:

(i) Customs Duty on crude oil from 5% to Nil

(ii) Customs Duty on Petrol and Diesel from 7.5% to 2.5%.

(iii) Excise Duty on unbranded Petrol and unbranded Diesel by Re. 1/- per litre with effect from 5 6.2008.

The Central Sales Tax on inter State sale or purchase of goods, which was 4% prior to 1.4.2006, now stands reduced to 2% with effect from 1 6.2008.

Ministry of Finance has informed that as per Entry 54 of List II of Seventh Schedule of Constitution of India, Sales Tax is a State subject and any decision regarding reduction of Sales Tax has to be taken by the concerned State Governments only.

Reduction of oil prices

1659.SHRI BHAGIRATHI MAJHI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that presently crude oil price has gone down in the international market;

(b) if so, the reasons for not reducing the price of fuel in India, since crude oil price was high in the international market during that time India has increased the fuel price stating that companies are facing loss;

(c) if so, whether Government would reduce the fuel price; and

(d) if so, by what time Government would reduce the fuel price in India?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a) to (d) International prices of crude oil and petroleum products have remained volatile during 2008 and in the recent past have shown a downward trend. The Indian basket of crude oil, which averaged $79.25 per barrel during 2007-08 and had gone up to $142.04 per barrel on 3.7.2008, came down to $50.91 per barrel in November, 2008. Despite the recent softening of international crude prices, the average price of the Indian basket of crude oil during 2008-09 (April '08 - 10th December '08) is still high, at $.100.34 per barrel.

Taking into account the recent fall in the international oil prices, Government has reduced the prices of Petrol and Diesel by Rs, 5/- per litre and Rs. 2/- per litre respectively (at Delhi) with corresponding reductions in the rest of the country, with effect from 6.12.2008.

Surplus refining capacity in country

1660.SHRI B.K. HARIPRASAD: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that India has a surplus refining capacity of 150 million tones in 19 refineries against a domestic demand of only 120 million tones of petro products;

(b) whether petroleum products are India's highest forex earner surpassing even gems and jewellery; and

(c) if so, whether Government would continue to allow export of petro products atleast till the total refining capacity exceeds the domestic demand?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) The installed capacity of the Indian Refineries as on 1.4.2008 was 148.968 MMTPA as against an annual consumption of 128.946 MMT of petroleum products.